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June 6, 1992

TO: Denis Brown
FROM: Paul A. Strassmann
Subject: Prohibition of Contracting Out

The 1993 Defense Authorization Act (HR 5006) contains recommendations that I would like to be able to respond to in conversations with Congressional staffs, or if the press picks it up.

Enclosed is a "?"- marked passage, on page 201, which suggests that our outsourcing should be curtailed while we are separating DoD employees.

- As part of the outsourcing initiatives I would appreciate if you would prepare and coordinate formal statement that would allow DISA to proceed with ADP services outsourcing on the basis we have been pursuing since January. This should support our emphasis on acquisition of new technologies, rather than trading existing manpower for contractor resources.

- DISA has recently circulated draft RFP's that announced the intent of entering into large-scale consulting contracts. Please prepare and coordinate a formal statement as well as DISA implementation plan that would clearly establish a program for retention of existing talent that is in the process of being separated from DoD. Every week I am encountering exceptionally qualified technical personnel - especially highly trained military officers - who are leaving without anyone making the effort to retain them.

Would you please prepare the above by July 30?

Many thanks.



ic: Andrews, Cavallini, Erwin, Fischer, Hansen, Jeffcoat, Kendall,
Knecht, Pontius, Short, Smith

The committee recommends a legislative provision (sec. 361) that would stop DOD efforts to contract-out functions during the down sizing.]!

QUARTERLY PAY ADJUSTMENT

The Department of Defense budget request included a civilian employee pay raise for three-quarters of fiscal year 1993. The President's budget request for the remainder of the federal work force only provided for two-quarters of the pay raise. In order to conform to the pay raise projections of the entire federal government, the committee recommends a reduction to the budget request of \$308 million.

[In millions of dollars]

<i>Service</i>	<i>Reductions</i>
Army.....	102
Navy.....	91
Air Force.....	78
Defense Agencies.....	37
Total.....	308

WAGE BOARD PAY RAISES

Wage Board (WB) personnel typically serve in trade, craft and general labor occupations. The Department of Defense calculates the cost of pay raises for all employees each year and includes these costs in its budget request.

Wage Board salary increases are based on surveys that compare the wages of public and private sector workers in more than 100 regions. Current law sets WB pay raises based on any differences the surveys reveal, provided that WB raises do not exceed GS raises. For 1993, GS and WB salaries will rise by 3.7 percent.

By law, no pay raises can begin before January 1. WB pay raises occur throughout the year—following completion of the regional surveys—in contrast to GS pay raises, which all take effect on January 1. Thus, prospective WB raises for any one fiscal year can take effect as early as January 1 or as late as September 30, the last day of the fiscal year. The administration's defense budget request does not recognize this difference between the two systems, and so it estimates the costs of WB pay raises as if they all took effect on January 1. Thus, the defense budget overstates the costs of providing for WB pay raises. The additional funding then becomes available for the department to spend on other programs, chiefly in the area of operation and maintenance.

The amount required for wage board raises is overstated.

The committee recommends a \$140 million reduction to the budget request.

[In millions of dollars]

<i>Service</i>	<i>Reductions</i>
Army.....	55
Navy.....	33
Air Force.....	39
Defense Agencies.....	13
Total.....	140